Canadian Grain Commission | Commission canadienne des grains

Canadian Grain Commission

2010-11

Departmental Performance Report

The Honourable Gerry Ritz
Minister of Agriculture and Agri-Food and
Minister for the Canadian Wheat Board

Canada

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Minister's Message

I am pleased to submit to Parliament and Canadians the Canadian Grain Commission's Departmental Performance Report for the fiscal year 2010-11.

Growing up on a farm in Saskatchewan, I understand the challenges facing Canadian families in the sector. That's why putting "Farmers First" is my personal priority and shapes my decisions as the Minister of Agriculture and Agri-Food (AAF).

Our nation's agricultural sector has evolved, and we should all be proud of our progress. Today's sector is resilient, responding to the challenges and opportunities it faces by innovating and adapting to changing consumer demands, advancing technology and globalization.

The partner organizations within the AAF Portfolio share my commitment to seeing our industry succeed. While each have separate roles to play, the Canadian Grain Commission and the other Portfolio partners – Agriculture and Agri-Food Canada (AAFC), the Canadian Food Inspection Agency (CFIA), Farm Credit Canada, the Canadian Dairy Commission, the National Farm Products Council of Canada and the Canada Agricultural Review Tribunal – make it possible for me to meet the sector's needs, effectively and efficiently.

I know I can rely on the continuing collaborative efforts of my Portfolio team to support me in tackling the agricultural sector's challenges, while helping the sector to capitalize on its tremendous potential for growth and future profitability.

This report details how the Canadian Grain Commission used its resources from April 1, 2010 to March 31, 2011, to regulate grain handling and establish and maintain grain standards, while protecting the interests of producers and ensuring a dependable commodity for domestic and export markets.

The Honourable Gerry Ritz
Minister of Agriculture and Agri-Food and
Minister for the Canadian Wheat Board

Chief Commissioner's Message

Since 1912, the Canadian Grain Commission (CGC) has served as the federal agency responsible for setting standards of quality and regulating Canada's grain handling system. Our vision is to be a leader in delivering excellence and innovation in grain quality and quantity assurance, grain quality research, and producer protection. CGC programs result in shipments of grain that consistently meet contract specifications for quality, safety and quantity. In addition, the CGC regulates the grain industry to protect producers' rights and facilitate fair treatment within the licensed grain handling system.

During 2010-11, the CGC continued to work collaboratively with AAF Portfolio partners and other government agencies, Canadian grain producers, and grain industry stakeholders to maintain market competitiveness and add value to Canadian producers and Canada's grain quality assurance system (GQAS). These close working relationships help to ensure that the CGC is informed and able to adapt to emerging challenges associated with delivering upon our strategic outcome of ensuring Canada's grain is safe, reliable and marketable and Canadian grain producers are protected. There continues to be increased market demand for grain safety assurances and increased sophistication of grain safety specifications. As a result, the CGC continued to focus efforts on meeting today's grain safety assurance requirements and continued to evaluate, define and evolve the CGC's role in testing, monitoring and assuring the safety of Canada's grain.

I am pleased to report that, once again, the CGC received a positive audit of its annual financial position. A copy of the audited financial statements is available on the CGC's website at: http://www.grainscanada.gc.ca/cgc-ccg/cr-rm/crm-mrm-eng.htm. As Chief Commissioner, I am proud of the CGC's ongoing exemplary work to effectively meet the needs of producers, the industry and all Canadians in general. Moving forward, the CGC remains committed to working with stakeholders to ensure Canada's GQAS builds on its reputation as the best in the world. I invite you to read this report to learn more about the CGC's accomplishments and challenges and how the organization carried out its mandate during the 2010-11 reporting period.

Elwin Hermanson
Chief Commissioner
Canadian Grain Commission

SECTION I: ORGANIZATIONAL OVERVIEW

Raison d'être

The Canadian Grain Commission (CGC) was established in 1912 and is the federal government agency responsible for administering the provisions of the *Canada Grain Act*. The CGC's mandate as set out in the *Canada Grain Act* is to, "in the interests of the grain producers, establish and maintain standards of quality for Canadian grain and regulate grain handling in Canada, to ensure a dependable commodity for domestic and export markets." The CGC vision is to be "a leader in delivering excellence and innovation in grain quality and quantity assurance, research, and producer protection." The CGC reports to Parliament through the **Minister of Agriculture and Agri-Food (AAF)**.

Responsibilities

Under the *Canada Grain Act*, the CGC sets standards of quality and regulates the handling of 21 grains[1] grown in Canada to ensure our country's grain is safe, reliable and marketable and Canadian grain producers are protected. The CGC is an unbiased, third-party agency in Canada's grain sector and is the official certifier of Canadian grain. Through its activities, the CGC supports a competitive, efficient grain sector and upholds Canada's international reputation for consistent and reliable grain quality. To achieve its mandate, the CGC:

- regulates all aspects of grain handling in Canada through the grain quality and quantity assurance programs;
- carries out scientific research to understand all aspects of grain quality and grain safety and to support the grain grading system; and
- has implemented a number of producer protection programs and safeguards to ensure the fair treatment of Canadian grain producers when they deliver their grain to licensed grain handling companies and grain dealers.

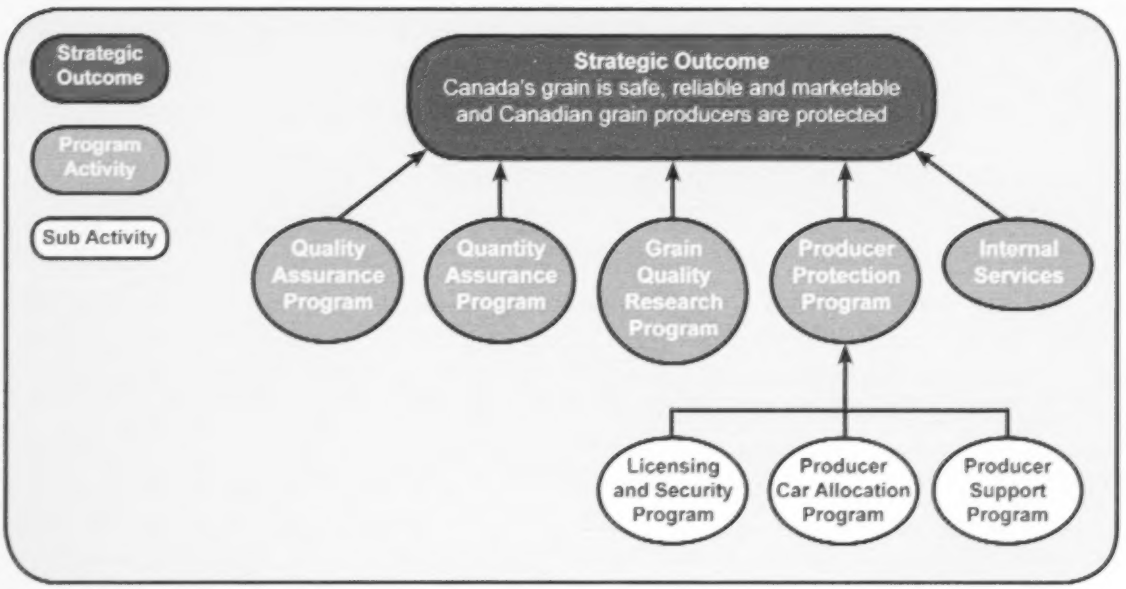
It is widely recognized that CGC programs and activities are integral in permitting Canadian exporters to market successfully in competitive international grain markets and are essential for producers in order to realize maximum value from their grain. To ensure relevancy and success, the CGC continued to work collaboratively with producers, industry stakeholders and government partners on the development of new technologies, protocols, and a sound regulatory framework to address emerging challenges and opportunities facing the Canadian grain sector.

The CGC's head office is located in Winnipeg, Manitoba. As of March 31, 2011, the CGC employed 671 full-time equivalents and operated 12 additional offices across Canada. CGC programs and activities are funded through a combination of revolving fund user fee and appropriation sources. Additional information on the CGC's mandate, responsibilities, and programs is available on the CGC website at http://www.grainscanada.gc.ca/.

[1] Grain refers to any seed designated by regulation as a grain for the purposes of the *Canada Grain Act*. This includes barley, beans, buckwheat, canola, chick peas, corn, fababeans, flaxseed, lentils, mixed grain, mustard seed, oats, peas, rapeseed, rye, safflower seed, solin, soybeans, sunflower seed, triticale and wheat.

Strategic Outcome and Program Activity Architecture (PAA)

The following diagram illustrates the CGC's Program Activity Architecture (PAA). The PAA is the basic structure for the management and allocation of resources to various programs and activities to achieve intended results. The CGC's PAA has five program activities that each contribute to the CGC's single strategic outcome. The producer protection program consists of three program sub-activities.



Canada is known around the world for the quality, consistency, reliability and safety of its grain and grain products. The provision of CGC programs and activities is integral to maintaining this reputation and to the functioning of Canada's grain industry and Canada's grain quality assurance system (GQAS). This is particularly important considering Canada exported approximately $11.4 billion[2] in cereals, grains and oilseeds during 2010. The CGC also provides producer protection services and safeguards to ensure the fair treatment of Canadian grain producers and to ensure producers realize maximum value from their grain. In our role as a neutral third-party regulator and arbitrator, the CGC works in partnership with virtually every participant in the grain industry including producers, industry stakeholders, AAF Portfolio partners, and other government departments and agencies.

[2] Source: Global Trade Atlas Navigator: http://www.gtis.com/

Organizational Priorities

Priority "Status" Legend
Exceeded: More than 100 per cent of the expected level of performance for the priority identified in the corresponding *Report on Plans and Priorities* (RPP) was achieved during the fiscal year.
Met All: 100 per cent of the expected level of performance for the priority identified in the corresponding RPP was achieved during the fiscal year.
Mostly Met: 80 to 99 per cent of the expected level of performance for the priority identified in the corresponding RPP was achieved during the fiscal year.
Somewhat Met: 60 to 79 per cent of the expected level of performance for the priority identified in the corresponding RPP was achieved during the fiscal year.
Not Met: Less than 60 per cent of the expected level of performance for the priority identified in the corresponding RPP was achieved during the fiscal year.
Priority "Type" Legend
Previously committed to—committed to in the first or second fiscal year prior to the subject year of the report.
Ongoing—committed to at least three fiscal years prior to the subject year of the report.
New—newly committed to in the subject year of the report.

Operational Priority 1: Deliver services as mandated by the *Canada Grain Act* in a climate of constantly changing international and domestic markets, technological advancements and evolving end-user needs and preferences	**Type:** Ongoing	**Link to Strategic Outcome and/or Program Activities:** This priority is aimed at continuously improving program and service delivery models and integrating new technologies and protocols into daily programs and services to ensure continued progress towards the CGC's strategic outcome and all of its program activities.

Status: Mostly Met

Results/Plans Going Forward

- Continued to successfully provide consistent daily delivery of programs and services as mandated by the *Canada Grain Act* (see Section II of this report).
- To support the transition away from Kernel Visual Distinguishability (KVD), communication campaigns were delivered concerning the eligibility of varieties, declaration requirements upon delivery, and the consequences of delivering non-registered or de-registered varieties. Going forward, the CGC will continue to support variety protocols and continue to develop and assess appropriate monitoring programs and laboratory methods for identifying grain varieties. Collaboration efforts will continue with producers, the industry and CFIA to ensure appropriate timeframes for notification of de-registration of varieties.
- The CGC continued efforts to evolve service delivery models for grain quality assurance including the needs-based evolution and integration of process verification into the GQAS. The Flax Container Protocol is operational and the first shipment under the protocol will occur soon. The continuation of pilot programs for the Accredited and Certified Container Sampling Programs, as well as an evaluation of the possible recognition of the CGC's Hazard Analysis Critical Control

Point (HACCP) programs by the Global Food Safety Initiative, will continue as strategic initiatives into 2011-12.

- Efforts continued to ensure that the CGC's workforce evolves to meet future service requirements. Beginning in May 2010, the One Operational Group (OOG) Implementation Committee held meetings to identify and evaluate implementation options. A final meeting was held in November 2010 and a final report and recommendations were submitted to the joint Union-Management OOG Steering Committee in December 2010. The Steering Committee has been reviewing the OOG Implementation report and considering the pros and cons of implementing OOG. A decision will be made in 2011-12 whether or not to proceed with implementation.

Operational Priority 2: Position the GQAS to remain relevant and support the continued competitiveness of Canadian grains in both domestic and international markets	**Type:** Ongoing	**Link to Strategic Outcome and/or Program Activities:** This priority is aimed at developing programs, initiatives, and new research methods and processes to maintain and strengthen the Canadian GQAS to ensure a safe, dependable commodity. This includes the development of new technologies, protocols, and a sound regulatory framework so that the GQAS continues to evolve to address emergent and future needs. This priority is primarily linked to the quality assurance and the grain quality research program activities.

Status: Mostly Met

Results/Plans Going Forward

- During 2010-11, the CGC participated in an Assistant Deputy Minister (ADM) Steering Committee and an interdepartmental working group on tech related market access issues that included AAFC, CFIA and Health Canada. While a CGC position on low level presence (LLP) of unapproved genetically engineered events has been developed, collaborative work will continue in 2011-12 towards addressing biotechnology issues in order to ensure continued market access for Canadian grains. In addition, an internal CGC Working Group is in the process of developing a clear monitoring and testing plan for new GM events.
- In order to increase stakeholder understanding of the role and responsibilities of the CGC, and to strengthen the CGC's image and brand, a global communications plan was developed and approved. Execution of the plan has begun and includes a new look for all CGC materials, new displays for eastern and western Canada, new print materials including international and producers' brochures, and new elements on the CGC's web site including a "Commercially Clean" process video. Continued execution of the communications plan will be an operational activity in 2011-12.

Operational Priority 3: Grain Safety Assurance	**Type:** New	**Link to Strategic Outcome and/or Program Activities:** This is a priority due to increased market demand for grain safety and increased sophistication of grain safety specifications by buyers and food inspection authorities. Activities include monitoring for and assurance of grain safety as well as working in collaboration with AAF Portfolio partners and other federal government departments and agencies in defining roles. This

		priority is primarily linked to the quality assurance and the grain quality research program activities.

Status: Mostly Met

Results/Plans Going Forward

- This priority included several activities intended to enhance CGC grain safety and monitoring activities. Progress has been made towards readiness for an International Standards Organization (ISO) 17025 certification pre-audit of key grain safety analytical methods in the Grain Research Laboratory (GRL). As well, several new methods related to pesticide residue analyses, trace elements analysis have been developed and validated. Efforts will continue in 2011-12 with a focus on mycotoxins. Collaboration with AAF Portfolio partners and other federal government departments and agencies will also continue to further clarify and define roles. Sampling and monitoring programs related to grain safety will continue to be refined, and efforts will continue to implement validated testing methods in CGC regional labs.

Management Priority 1: Effective People Management	**Type:** Previously committed to	**Link to Strategic Outcome and/or Program Activities:** Effective people management ensures the CGC continues to attract and maintain motivated and engaged people with the right skills, in the right place, at the right time. This priority involves all elements of the CGC's People Management Framework (PMF) that sets out the strategies for meeting the CGC's current and future people needs and for meeting Public Service Renewal objectives established by the Privy Council Office. This priority is linked to all program activities.

Status: Mostly Met

Results/Plans Going Forward

- Significant progress was made in a number of areas including support and measurement of the Performance Development and Achievement Program (PDAP), competency-based management, the new employee orientation program, the addition to and training of new peer supporters for the Informal Conflict Management System, action plans for Employment Equity and Diversity and the Public Service Commission audits, and consultations towards the development of a CGC Values and Ethics Code. Going forward, people management will continue to be monitored and evaluated for effectiveness. Due to the significant progress during 2010-11, this priority will be managed operationally by divisions and individual managers.

Management Priority 2: Management Accountability	**Type:** Previously committed to	**Link to Strategic Outcome and/or Program Activities:** This priority is aimed at sound integrated and accountable management of the CGC. This priority is linked to all program activities.

Status: Mostly Met

Results/Plans Going Forward

- The CGC expended a considerable amount of effort to make progress toward developing a sustainable funding model to reduce reliance on ad-hoc funding. Significant preparation work was undertaken in advance of the December 2010 release of the CGC's *User Fees Consultation Document*, including conducting a producer opinion poll in November 2010. In January 2011, the CGC held stakeholder consultation sessions near the major grain growing regions of Canada. On March 1, 2011, the *Individual Fees Consultation Document* was issued, and consultations were completed by the end of March 2011. This initiative will continue into 2011-12 as the CGC continues efforts to update user fees and develop a sustainable funding mechanism.
- The CGC's performance in the fifteen areas of management in the Management Accountability Framework (MAF) was evaluated by Treasury Board in 2010-11. The results were relatively positive as Treasury Board evaluated the CGC as acceptable or strong in many areas. During 2011-12, as part of our ongoing operations, plans will be developed to address the areas identified as 'opportunities for improvement'.
- The CGC's Internal Audit function is fully staffed and operational and was assessed by Treasury Board and the Office of the Comptroller General as 'acceptable' during the first year of operations. In 2011-12, the CGC will commence the Program Evaluation function with focus on developing the Evaluation Plan and conducting a "pilot" Program Evaluation. Both functions are now considered operational and, as such, are no longer strategic initiatives for 2011-12.
- Progress has been made towards the development and implementation of policies related to Information Technology, physical, and personnel security, including the establishment and staffing of a Security Officer position. A phased approach is in place for the review and revision of the existing Business Continuity Plans, which commenced at head office and will soon be rolled out to the regions. The continued evolution of policies and related training will become operational in 2011-12.

Risk Analysis

The Canadian grain industry, the CGC, and Canada's GQAS operate in a climate of constant change (e.g. increased market demand for grain safety assurances, increased sophistication of grain safety specifications by buyers and food inspection authorities). The CGC and the GQAS must be able to adjust in a measured and careful fashion to these changes in order to maintain Canada's reputation as a consistent supplier of quality grain. To this end, the CGC is continually monitoring and adapting programs and services to provide consistent and reliable grain quality and grain safety assurance that meets the needs of international and domestic markets and to ensure Canadian grain producers are protected. From its inception in 1912, CGC programs and practices have been built on sound risk management and risk mitigation principles.

Risk assessment and risk management is carried out by all CGC divisions and units as an integrated part of their policy, planning, priority setting, resourcing, program delivery, and reporting activities. In addition, risk assessment and risk management is embedded in the Integrated People and Business Planning process to ensure the workforce and work environments align with the current and future needs of the CGC. Successful risk assessment and risk management is evidenced by the CGC's long-standing success in delivering upon its strategic outcome and program activities.

While the majority of risk involved in the CGC's work is inherent and constant, some risk varies according to changes in the internal and external environment. The inherent risks in CGC programs and services, such as risks associated with assuring accurate quality and quantity assessment and accurate certification of Canadian grain, are addressed by continuous monitoring and adjustment in order to bring residual risk to tolerable levels, thereby maintaining high performance standards. Feedback from producers and grain handlers, domestic and international processors, and other government organizations often provides early indication of potential risk in the external environment. Effective management of risks often results in opportunities for improvement to CGC program activities and Canada's GQAS.

During 2010-11, the CGC finalized its Integrated Risk Management (IRM) Policy. The IRM Policy clearly articulates expectations for risk management throughout the organization and promotes a culture of risk-informed decision-making. The IRM Policy defines the governance structure and roles and responsibilities that support the integration of IRM into all levels of the CGC. Significant progress was also made towards finalizing the CGC's Corporate Risk Profile (CRP). Using a standardized approach, a CGC Integrated Risk Management Working Group representing a cross section of programs and functions, aggregated, analyzed and assessed (by likelihood and impact) the key high level risks and created a broad but detailed picture of the risks facing the CGC. Efforts will continue in 2011-12 to finalize the CRP and to further integrate risk information into planning and reporting processes and project management.

Risk mitigation strategies used to achieve results and successfully deliver upon the organization's strategic outcome and program activities are described in Section II by program activity.

Summary of Performance

2010–11 Financial Resources ($ thousands)

Planned Spending	Total Authorities	Actual Spending
42,577	85,895	78,571[1]

[1] The CGC uses the modified cash basis of accounting from the Public Accounts for reporting actual spending.

2010–11 Human Resources (Full Time Equivalents (FTEs)

Planned	Actual	Difference
357[1]	671	314[1]

[1] Planned human resource FTEs for 2010-11 as reported in the RPP was 357 based on approved authorities at that point in time. Given all authorities secured by the CGC, the full planned FTE complement is 720. The difference between the full FTE complement and actual FTEs is -49.

Planned Spending to Total Authorities:

Planned spending for 2010-11 was approximately $42.6 million, whereas the total authorities were $85.9, representing a change of $43.3 million. The difference is primarily because:

- 2010-11 planned spending as reported in the CGC's *2010-11 Report on Plans and Priorities* (RPP) reflects only the CGC's approved authorities at the time the RPP was prepared. This included:
  - $5.5 million of annual appropriation, and
  - $37.1 million of respendable revenue based on projected grain volumes of 50 million tonnes.
- Total authorities include the CGC's authority limit with respect to respendable revenue as well as additional authorities provided to the CGC subsequent to the publication of the RPP. This included:
  - $5.5 million of annual appropriation,
  - $42.5 million authority limit of respendable revenue as per the Main Estimates,
  - $26.0 million of Supplementary Estimates,
  - $11.4 million authorization for utilization of operating surplus, and
  - $0.5 million for operating budget carry forward, severance benefits, and other.

Planned human resource FTEs for 2010-11 as reported in the RPP was 357 based on approved authorities at that point in time. Given all authorities secured by the CGC, the full planned FTE complement is 720. The difference between the full FTE complement and actual FTEs is -49.

Total Authorities to Actual Spending:

Total authorities for 2010-11 were approximately $85.9 million, whereas actual spending was $78.6 million, representing a difference of $7.3 million. This difference is primarily because:

- The 2010-11 expenditure framework was based on the CGC planning to respend revenue of $37.1 million which is $5.4 million less than the authority limit of $42.5 million; and

- In keeping with the spirit of cost containment and the CGC's reliance on ad-hoc funding, the CGC manages and monitors operating expenditures conservatively and capital expenditures were limited to 'mission-critical' acquisitions.

Further information on CGC funding is provided in the Expenditure Profile Section.

Strategic Outcome: Canada's grain is safe, reliable and marketable and Canadian grain producers are protected		
Performance Indicators	**Targets**	**2010–11 Performance**
Number of instances where buyers are dissatisfied with CGC standards, methods or procedures used to ensure a dependable commodity for domestic and export markets	Zero instances	**Mostly Met** • There were three instances where buyers of Canadian grain expressed dissatisfaction with CGC standards, methods or procedures. To put this in context, the CGC certified the quality of 8,257 cargoes representing 29.6 million tonnes of grain in 2010-11. Going forward, the CGC will work collaboratively with industry stakeholders to adjust methods and/or procedures where appropriate to ensure a dependable commodity for domestic and export markets and to maintain market access for Canadian producers. Communication efforts will be enhanced in crop years where growing conditions cause increased quality concerns to ensure producers, handlers and buyers are aware of grading impacts and availability of higher quality product.
Level of producer satisfaction with CGC producer protection services	Zero unresolved or unaddressed complaints	**Met All** • The CGC responded to all producer inquiries and complaints during 2010-11.

Program Activity[1]	2009-10 Actual Spending ($ 000)	2010-11[4] ($ 000)				Alignment to Government of Canada Outcomes[2]
		Main Estimates [4,5]	Planned Spending [4,5]	Total Authorities [4,6]	Actual Spending [6]	
Quality Assurance Program	41,356	24,249	21,176	44,918	39,095	Innovative and knowledge-based economy[3]
Quantity Assurance Program	12,432	9,710	8,479	15,245	12,557	Innovative and knowledge-based economy[3]
Grain Quality Research Program	10,057	3,564	3,564	9,083	10,075	Innovative and knowledge-based economy[3]
Producer Protection Program	3,851	950	903	3,163	3,688	Fair and secure marketplace[3]
Internal Services[7]	12,586	9,451	8,455	13,486	13,156	N/A
Total	**80,282**	**47,924**	**42,577**	**85,895**	**78,571**	

[1] Program activity descriptions are available on the Treasury Board Secretariat Main Estimate website at: http://www.tbs-sct.gc.ca/est-pre/20102011/p2-eng.asp.

[2] Additional information on the Government of Canada Outcomes is available at: http://publiservice.tbs-sct.gc.ca/ppg-cpr/frame-cadre-eng.aspx. The CGC's program activities all align with the key federal spending area of 'economic affairs'.

[3] Further information on CGC program activity alignment with the Government of Canada Outcome areas is available at: http://www.grainscanada.gc.ca/cgc-ccg/cr-rm/goco-rogoc-eng.htm.

[4] The 2010-11 Main Estimates and planned spending values, as reported in the RPP, appear low because they reflect only the CGC's approved authorities. They do not include ad-hoc appropriation of $26.0 million as well as access to $11.4 million of operating surplus. These amounts were not approved at the time of the CGC's Annual Reference Level Update (ARLU) and RPP reports were prepared. Total authorities for 2010-11 include these amounts.

[5] Planned spending differs from Main Estimates 2010-11 with respect to non-appropriation funding because planned spending includes respendable revenue of $37.1 million based on projected grain volumes of 50 million tonnes, while Main Estimates reflects the authority limit of respendable revenue for 2010-11 of $42.5 million.

[6] Total authorities include additional funding approved subsequent to the publication of the RPP. There were no significant program changes during 2010-11. The difference between total authorities and actual spending include:

- The 2010-11 expenditure framework was based on the CGC planning to respend revenue of $37.1 million which is $5.4 million less than the authority limit of $42.5 million, and
- In keeping with the spirit of cost containment and the CGC's reliance on ad-hoc funding, the CGC manages and monitors operating expenditures conservatively and capital expenditures were limited to 'mission-critical' acquisitions.

[7] Commencing in the 2009-10 Estimates cycle, resources for Internal Services are displayed separately from other program activities and are no longer distributed among the other program activities as was the case in previous Main Estimates. This affects the comparability of spending and FTE information by program activity prior to fiscal year 2009-10.

Expenditure Profile

The CGC is funded by a combination of an ongoing appropriation, special appropriation, and authority to re-spend fees collected. A revolving fund (RF) was set up for the CGC in 1995 with the expectation that the CGC would be largely self-funded through fees for services. However, the RF has not worked as expected. The CGC has been unable to modify user fees since 1991 for a variety of reasons despite the fact that operating costs have continually increased, and annual grain volumes can fluctuate considerably from year to year. As a result, overall cost recovery has fallen from approximately 90 percent in the early 1990s to between 50 and 60 percent today.

The CGC's falling cost recovery level has caused the CGC to rely on ad-hoc government appropriations since 1999 to fund operations on an annual basis. The CGC receives annual appropriation to fund a portion of the costs related to the GRL and the functions that were associated with the Assistant Commissioner positions. The last Assistant Commissioner term ended in June 2008 and Assistant Commissioner functions have been assumed by CGC Commissioners, the CGC Licensing Unit, and the CGC Communications Unit. The remainder of the organization's funding comes from yearly ad-hoc government appropriations and fee revenues collected primarily from inspection and weighing services. The CGC continues to monitor and control discretionary spending and continues the ongoing process of cost containment and reallocation of internal resources to meet new and emerging priorities.

The CGC is currently assessing options to ensure appropriate funding is available to meet operational and staffing requirements. Federal Budget 2010 provided the CGC with $26.0 million for fiscal year 2010-11 and $30.2 million for fiscal year 2011-12. During 2010-11, the CGC completed the first two user fee consultation phases as per the *User Fees Act*. The first phase included the release of a *User Fees Consultation Document*. Consultation sessions were held across Canada with grain producers and industry stakeholders. Stakeholders were asked to make written submissions to the CGC on the proposed approach to updating CGC user fees. The second phase of consultations included the release of the *Individual Fees Consultation Document* (pre-proposal notification). During this phase, stakeholders were asked to provide feedback on proposed individual fees as well as proposed service standards and performance measures associated with the individual fees.

The graph below shows CGC planned spending, total authorities, and actual spending over the past several years. For the 2006-07 to 2010-11 periods, total authorities is reflective of all funding sources available to the CGC including appropriations realized through the full Estimates process and fees generated through the provision of services. Trend analysis is challenging because CGC revenues and expenditures are dependent on annual grain volumes and crop quality. These factors can fluctuate considerably from year to year and can result in significant variances between CGC revenue and expenditure projections that are prepared 18 months in advance of a crop being harvested. Planned spending and total authorities have generally increased over time with inflation. There have been no significant program changes in recent years.

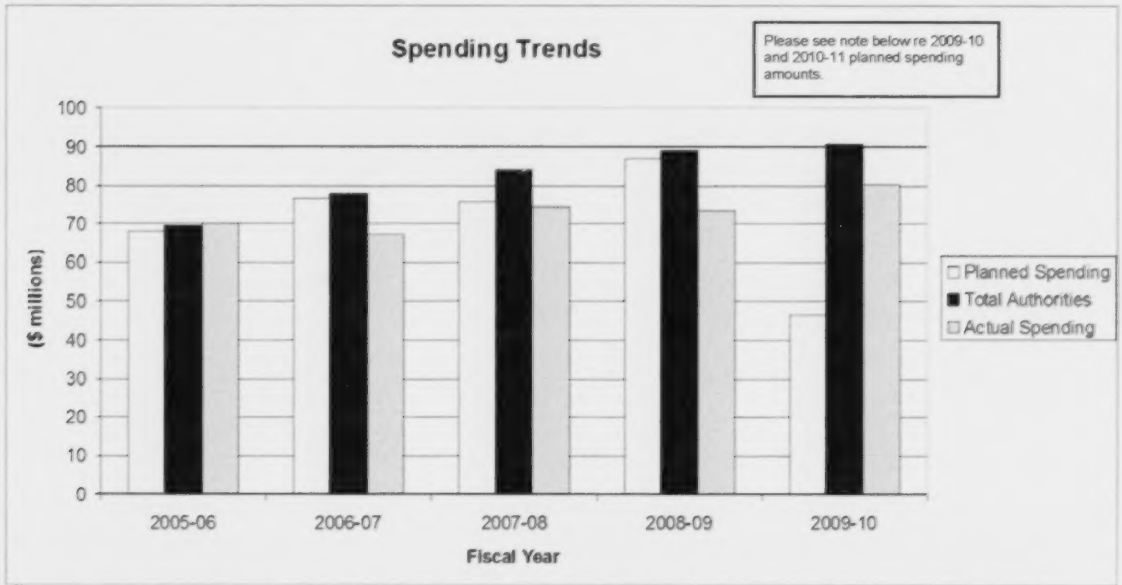
Planned spending for 2010-11 reflects only the CGC's approved authorities and differs from Main Estimates 2010-11 with respect to non-appropriation funding because planned spending includes respendable revenue of $37.1 million based on projected grain volumes of 50 million tonnes while Main Estimates reflects the authority limit of respendable revenue for 2010-11 of $42.5 million.

Total authorities include additional funding approved subsequent to the publication of the RPP including additional ad-hoc appropriation totalling $26.0 million as well as access to $11.4 million of operating surplus.

Federal Budget 2010 instituted cost containment measures designed to reduce departmental spending by 1.5%. As a revolving fund, the CGC acted in the spirit of cost containment and actual spending reflects a 2.5% decrease from the previous fiscal year spending. The CGC continued to manage and monitor operating expenditures conservatively. In addition, capital expenditures were limited to 'mission critical' capital.

The differences between total authorities and actual spending over the past several years are due to:

- The 2010-11 expenditure framework was based on the CGC planning to respend revenue of $37.1 million which is $5.4 million less than the authority limit of $42.5 million, and
- In keeping with the spirit of cost containment and the CGC's reliance on ad-hoc funding, the CGC manages and monitors operating expenditures conservatively and capital expenditures were limited to 'mission-critical' acquisitions.



Note: Planned spending for 2009-10 reflects only the CGC's approved authorities as per the ARLU and Main Estimates. 2009-10 total authorities include additional ad-hoc funding totalling $42.4 million that was not approved at the time of the CGC's ARLU and RPP report. Planned spending for 2010-11 reflects only the CGC's approved authorities and differs from Main Estimates 2010-11 with respect to non-appropriation funding because planned spending includes respendable revenue of $37.1 million based on projected grain volumes of 50 million tonnes while Main Estimates reflects the authority

limit of respendable revenue for 2010-11 of $42.5 million. 2010-11 total authorities includes authority limit of respendable revenue plus additional ad-hoc funding totalling $37.4 million that was not approved at the time of the CGC's ARLU and RPP report were prepared.

Voted and Statutory Items

For information on CGC votes and/or statutory expenditures, please see the 2010–11 Public Accounts of Canada (Volume II) publication. An electronic version of the Public Accounts is available at: http://www.tpsgc-pwgsc.gc.ca/recgen/txt/72-eng.html.

SECTION II: ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

Performance "Status" Legend
Exceeded: More than 100 per cent of the expected level of performance (as evidenced by the indicator and target or planned activities and outputs) for the expected result identified in the corresponding RPP was achieved during the fiscal year.
Met All: 100 per cent of the expected level of performance (as evidenced by the indicator and target or planned activities and expected outputs) for the expected result identified in the corresponding RPP was achieved during the fiscal year.
Mostly Met: 80 to 99 per cent of the expected level of performance (as evidenced by the indicator and target or planned activities and expected outputs) for the expected result identified in the corresponding RPP was achieved during the fiscal year.
Somewhat Met: 60 to 79 per cent of the expected level of performance (as evidenced by the indicator and target or planned activities and expected outputs) for the expected result identified in the corresponding RPP was achieved during the fiscal year.
Not Met: Less than 60 per cent of the expected level of performance (as evidenced by the indicator and target or planned activities and expected outputs) for the expected result identified in the corresponding RPP was achieved during the fiscal year.

Strategic Outcome

As a regulatory agency, the CGC is mandated to, in the interests of grain producers, establish and maintain standards of quality for Canadian grain and regulate grain handling in Canada to ensure a dependable commodity for domestic and export markets. The CGC has one strategic outcome that reflects the daily delivery of CGC program activities and the long-term benefit to Canadians stemming from the CGC's mandate and vision. To measure its success in delivering upon its strategic outcome, the CGC has identified two performance indicators with associated targets.

Strategic Outcome: Canada's grain is safe, reliable and marketable and Canadian grain producers are protected		
Performance Indicator	**Target**	**Performance Status**
Number of instances where buyers are dissatisfied with CGC standards, methods or procedures	Zero instances	**Mostly Met** • There were three instances where buyers of Canadian grain expressed dissatisfaction with CGC standards, methods and/or procedures used to ensure a dependable commodity for domestic and export markets. To put this in context, the CGC certified the quality of 8,257 cargoes representing 29.6 million tonnes of grain in 2010-11. Going forward: o The CGC will work collaboratively with industry

used to ensure a dependable commodity for domestic and export markets		stakeholders to adjust methods and/or procedures, where appropriate, to ensure a dependable commodity for domestic and export markets and to maintain market access for Canadian producers. o Communication will be enhanced in crop years where growing conditions cause increased quality concerns to ensure producers, handlers and buyers are aware of grading impacts and availability of higher quality product.
Level of producer satisfaction with CGC producer protection services	Zero unresolved or unaddressed complaints	**Met All** • The CGC continued to offer key protection services to Canadian grain producers. These services contribute to producers' ability to receive fair payment for the quality and quantity of grain they produce and deliver. The CGC met its target of zero unresolved or unaddressed complaints by responding to all known instances where Canadian grain producers were dissatisfied with CGC producer protection services. Additional information on the programs and services that contributed to successfully meeting this target is included in the Producer Protection Program Activity section.

During 2010-11, the Western Standards Committee and the Eastern Standards Committee met several times to recommend specifications for grades of grain, and to select and recommend standard samples to the CGC. Four sub-committees composed of marketers, grain handlers and producers continued to advise the Western Standards Committee on commodity-related concerns for wheat, barley and other cereal grains, oilseeds, and pulses. Broad representation on the Committees ensures that the views of all principals are considered, that any changes to the grading system are grounded in thorough research and investigation, implications for the handling system are understood, and that the grading system is responsive to the needs of producers, the Canadian industry, and domestic and overseas buyers. Committee membership and 2010-11 Western and Eastern Standards Committee recommendations related to the grading system are available at the following links: http://www.grainscanada.gc.ca/gscommittee-comiteng/wgsc-cngo-eng.htm, http://www.grainscanada.gc.ca/gscommittee-comiteng/egsc-cnge-eng.htm.

Liaising with AAF Portfolio partners and other federal government departments (e.g. Health Canada and DFAIT), the Canadian grain industry, and international agencies concerning grain safety matters and trade implications continues to be very important. In addition, CGC scientists and technical experts continued to play an important market support role by liaising with buyers, marketers, industry and producers and providing technical advice and information on grain quality, grain safety, and end-uses. Liaison activities and client feedback are critical components to continuously improving Canada's GQAS and CGC programs and activities.

During 2010-11, the CGC took part in nine international market support missions to investigate, train, or convey the quality of Canadian grain to customers. Additionally, 36 international delegations and 38 groups from Canada visited the CGC to learn about the CGC and Canada's GQAS. Domestic and overseas buyers have stated that they are satisfied with the overall quality

of Canadian grain and Canada's GQAS. CGC efforts towards modernizing the *Canada Grain Act* and the *Canada Grain Regulations* are ongoing with the goal of ensuring that CGC legislation, programs and services continue to meet the evolving needs of Canadian producers and the grain industry and that the CGC can effectively and successfully deliver upon its strategic outcome and program activities.

How the CGC tracks and reports:
The following sections identify the expected results for each program activity and 2010-11 performance measured against targets as established in the CGC's Performance Measurement Framework. The CGC is committed to providing fair and reliable performance information. Performance data is collected and managed using different methods and procedures. The CGC continuously evaluates progress against plans that are identified in the RPP through a quarterly monitoring and tracking tool. This tool also provides an opportunity to address challenges and capture 'lessons learned'. The CGC will continue efforts to refine the monitoring tool to facilitate improved evaluation of progress against plans.

Performance assessment and analysis:
CGC performance assessment and analysis includes both quantitative and qualitative information to give context to the CGC's performance story. It is important to note that the majority of CGC services and activities are mandated by the *Canada Grain Act*. In addition, provision of inspection and weighing services are largely dependent on Canadian export volumes which are in turn dependent on factors such as crop production, crop quality, price, production choices, and weather. Given this variability, a quantitative comparison of services provided between years and/or to other organizations is not a reliable indicator of performance. The performance analysis discussion identifies the key activities and major accomplishments that contributed to and/or impacted upon program activity performance. Independent verifiable performance information is included where available.

Program Activity: Quality Assurance Program

Program Activity Description

Canada's grain quality assurance system (GQAS) assures consistent and reliable grain quality that meets the needs of international and domestic markets. Daily provision of grain inspection and grading services as mandated by the *Canada Grain Act* as well as strong scientific and technical support programs and services are integral components to the overall delivery of an effective GQAS. Canada's GQAS is continually adapted to the end-use needs of domestic and international buyers of Canadian grain, and to the ongoing structural changes within the grain industry to maintain Canada's reputation as a consistent supplier of quality grain. An effective GQAS is a key factor in permitting Canadian exporters to market successfully in competitive international grain markets and is essential for producers in order to realize maximum value from their grain.

Quality Assurance Program					
2010-11 Financial Resources ($ thousands)			**2010-11 Human Resources (FTEs)**		
Planned Spending[1]	**Total Authorities[2]**	**Actual Spending[3]**	**Planned[4]**	**Actual**	**Difference[4]**
21,176	44,918	39,095	117	359	242

[1] Planned spending appears low because it does not include ad-hoc appropriation of $26.0 million as well as access to $11.4 million of operating surplus. These amounts were not approved at the time of the CGC's ARLU and RPP reports.

[1] Planned spending differs from Main Estimates 2010-11 with respect to non-appropriation funding because planned spending includes respendable revenue of $37.1 million based on projected grain volumes of 50.0 million tonnes while Main Estimates reflects the authority limit of respendable revenue for 2010-11 of $42.5 million.

[2] The difference between planned spending and total authorities is that planned spending reflects only the CGC's approved authorities while total authorities include additional funding approved subsequent to the publication of the RPP.

[3] The difference between total authorities and actual spending is because:

- The 2010-11 expenditure framework was based on the CGC planning to respend revenue of $37.1 million which is $5.4 million less than the authority limit of $42.5 million, and
- In keeping with the spirit of cost containment and the CGC's reliance on ad-hoc funding, the CGC manages and monitors operating expenditures conservatively and capital expenditures were limited to 'mission critical' acquisitions. There were no significant program changes during 2010-11.

[4] 2010-11 planned human resources (FTEs) as reported in the RPP were 117 based on approved authorities at that point in time. However, given all additional authorities secured by the CGC, the full planned FTE complement for this program is 382. This represents an actual variance of -23 (the difference between 382 and the 2010-11 actual FTEs of 359).

Expected Result	Performance Indicator	Target	Performance Status	Performance Summary
Consistent and reliable grain quality and grain safety assurance to meet the needs of domestic and international markets	Number of justified cargo complaints due to a breakdown in CGC quality and/or safety assurance	Zero justifiable cargo complaints	Met All	• CGC staff certified the quality of 8,257 cargoes representing 29,566,354 tonnes of Canadian export grain. • The CGC received complaints regarding 20 of those cargoes. Upon investigation, it was determined there were zero justified cargo complaints.
Key Program Risk: Misalignment or inability to adapt The Quality Assurance Program must continue to align with and be able to respond to the changing requirements of domestic and international grain markets to ensure consistent and reliable grain quality and grain safety assurance. **Key Risk Mitigation Activities:** • Industry Services Quality Management System internal and external audits were completed. Identified non-conformances were actioned (see Lessons Learned below). • Industry Services Management meetings focused on program development and delivery to meet grain industry needs based on recommendations and feedback received from the Western Standards Committee, the Eastern Standards Committee, producers, grain handlers, and domestic and overseas buyers and processors. • Recruitment and retention activities to meet current and future human resource needs continued.				
Additional information on the programs, services, and initiatives that contributed to the Quality Assurance Program is available at: http://www.grainscanada.gc.ca/quality-qualite/iaqm-mrsq-eng.htm				

Performance Summary and Analysis

During 2010-11, the CGC met the expected result and target associated with the Quality Assurance Program. Daily provision of grain inspection and grading services as mandated by the *Canada Grain Act*, as well as scientific and technical support programs and testing services, continue to be integral components to this program activity. During 2010-11, the CGC provided the following inspection and testing services as per ISO 9001:2008 Standards in support of the Quality Assurance Program:

- inspected 290,471 railcars upon receipt at licensed terminal and transfer elevators (compared to 294,985 in 2009-10),
- inspected 29,566,354 tonnes of Canadian grain for export from licensed terminal and transfer elevators (compared to 29,555,831 tonnes in 2009-10), and
- certified 2,601 samples submitted for grading by producers (compared to 1,531 in 2009-10) and 14,841 samples submitted by grain companies (compared to 14,642 in 2009-10).

There were 4,844 grade changes on official re-inspection representing a CGC inspection accuracy rate of 98.3 percent. This compares to an accuracy rate of 98.8 percent in 2009-10 and 98.7 percent in 2008-09.

The CGC certified the quality of 8,257 cargoes in fiscal year 2010-11 and investigated complaints from buyers regarding 20 of those cargoes. Upon thorough investigation of the loading process, including analysis of cargo samples and vessel loading documentation, the CGC's Chief Grain Inspector concluded that none of the complaints were substantiated. This compares to one justifiable cargo complaint in fiscal year 2009-10 and zero justifiable cargo complaints in fiscal year 2008-09 when the CGC certified the quality of 7,911 and 5,267 cargoes respectively.

Wet weather in western Canada during the spring and summer of 2010 affected the crop through all stages, from seeding to harvest. These wet conditions impacted the quality of the 2010 harvest with the most common grading factors being frost and mildew in wheat, bleaching and staining in lentils, and mould and weather staining in beans. In response to this year's grading issues, the Western Standards Committee recommended new standard samples, standard prints and guide samples for wheat, peas, pea beans and lentils at its meeting in November 2010. These tools are used by grain company inspectors and CGC inspectors when grading grain. http://www.grainscanada.gc.ca/media-medias/press-presse/2010/2010-12-20-eng.htm

The CGC continued monitoring programs for the presence and source of non-registered and de-registered varieties to support the CGC certification processes and maintain end-use processing quality. In addition, the CGC continued to provide grain safety assurances on pesticides, trace elements, mycotoxins, fungi, and moulds to meet buyer and consumer demands and ensure Canadian grain is meeting international grain safety and sanitation tolerances. Responding to increasing demands for grain safety assurances from buyers and national food inspection authorities was a CGC priority during 2010-11. While significant progress was made towards meeting the goals of this priority, grain safety assurance will remain a priority going forward with the focus on mycotoxins. Further information on current CGC strategies for grain safety assurance is available at: http://www.grainscanada.gc.ca/quality-qualite/gsa-asg/safety-salubrite-eng.htm.

The CGC's Quality Assurance Program must continually adapt and respond to challenges to remain relevant, meet the needs of domestic and international markets, and ensure that Canada's reputation for consistent grain quality and grain safety is maintained. This is critical to the CGC's success in delivering upon its strategic outcome. As such, the CGC continued to assess the use of objective tests and continued to evaluate new technologies to measure end-use quality and safety with the goal of increasing efficiency, reducing costs, and enhancing testing capabilities. Results achieved under the CGC's three operational priorities identified in Section I are significant in the development of new methods and processes aimed at maintaining and strengthening the Quality Assurance Program and Canada's GQAS to ensure a safe, dependable commodity going forward.

Lessons Learned/Going Forward

All CGC inspection services are delivered as per ISO 9001:2008 Standards. During 2010-11, there were a total of 61 inspection related Improvement Requests (IRs). In addition, there were six inspection/weighing related IRs for a total of 67. Nine of the IRs were a result of non-conformances identified during internal and external audits. Non-conformances occur when Quality Management System (QMS) procedures or work instructions are not followed. IRs are

also created when there are inconsistencies in documentation, if there are changes to CGC inspection programs, or changes required to work processes. The CGC has reviewed the summary reports that were completed during the audits. The IRs have been submitted to the procedure owner with an appropriate corrective action identified and a timeframe attached to ensure completion. IRs allow the CGC to adjust service procedures as necessary and identify or adjust training requirements to maintain and/or enhance the effective and consistent delivery of inspection services and programs.

Program Activity: Quantity Assurance Program

Program Activity Description

The Canadian grain quantity assurance system assures the weight of grain loaded into or discharged from conveyances and in storage in the licensed terminal and transfer elevator system to meet the requirements of the grain industry from producers to customers. Daily provision of grain weighing services as mandated by the *Canada Grain Act* forms a major part of the Quantity Assurance System. To maintain relevancy and to address constantly changing industry demands, ongoing technical support is provided in support of the grain quantity assurance system.

Quantity Assurance Program					
2010-11 Financial Resources ($ thousands)			**2010-11 Human Resources (FTEs)**		
Planned Spending[1]	**Total Authorities[2]**	**Actual Spending[3]**	**Planned[4]**	**Actual**	**Difference[4]**
8,479	15,245	12,557	71	119	48

[1] Planned spending appears low because it does not include ad-hoc appropriation of $26.0 million as well as access to $11.4 million of operating surplus. These amounts were not approved at the time of the CGC's ARLU and RPP reports.

[1] Planned spending differs from Main Estimates 2010-11 with respect to non-appropriation funding because planned spending includes respendable revenue of $37.1 million based on projected grain volumes of 50.0 million tonnes while Main Estimates reflects the authority limit of respendable revenue for 2010-11 of $42.5 million.

[2] The difference between planned spending and total authorities is that planned spending reflects only the CGC's approved authorities while total authorities include additional funding approved subsequent to the publication of the RPP.

[3] The difference between total authorities and actual spending is because:

- The 2010-11 expenditure framework was based on the CGC planning to respend revenue of $37.1 million which is $5.4 million less than the authority limit of $42.5 million, and
- In keeping with the spirit of cost containment and the CGC's reliance on ad-hoc funding, the CGC manages and monitors operating expenditures conservatively and capital expenditures were limited to 'mission critical' acquisitions. There were no significant program changes during 2010-11.

[4] 2010-11 planned human resources (FTEs) as reported in the RPP were 71 based on approved authorities at that point in time. However, given all additional authorities secured by the CGC, the full planned FTE complement for this program is 130. This represents an actual variance of -11 (the difference between 130 and the 2010-11 actual FTEs of 119).

Expected Result	Performance Indicator	Target	Performance Status	Performance Summary
Consistent and reliable quantity assurance of Canadian grain shipments	Number of justified cargo complaints due to a breakdown in CGC assessment of quantity	Zero justifiable cargo complaints	Mostly Met	There was one justified cargo complaint due to a breakdown in CGC assessment of quantity during 2010-11. Program adjustments were made to address the complaint.

Key Program Risk: Misalignment or inability to adapt
The Quantity Assurance Program must align with and be able to respond to the changing requirements of the grain industry to effectively ensure consistent and reliable quantity assurance of Canadian grain shipments.
Key Risk Mitigation Activities:
- Industry Services QMS (ISO) internal and external audits were completed. Identified non-conformances were actioned (see Lessons Learned below).
- Industry Services Management meetings focused on program development and delivery to meet industry needs.
- Recruitment and retention activities to meet current and future human resource needs continued.

Additional information on the programs and services that contribute to the Quantity Assurance Program is available at: http://www.grainscanada.gc.ca/quantity-quantite/iaqnm-mrsqn-eng.htm

Performance Summary and Analysis

During 2010-11, the CGC continued to deliver all weighing services as per ISO 9001:2008 Standards to ensure consistent and reliable quantity assurance of Canadian grain shipments. For example, to meet the legislative mandate of the *Canada Grain Act* and the requirements of the grain industry from producers to customers, the CGC:

- officially weighed and certified 300,567 railcar unloads upon receipt at licensed terminal and transfer elevators (compared to 312,927 railcar unloads in 2009-10), and
- monitored and certified 26,237,496 tonnes of grain prior to export from licensed terminal and transfer elevators (compared to 29,555,831 tonnes in 2009-10).

The CGC logged and investigated five weight-related export cargo complaints at the customer's request. Upon thorough review and analysis of the information documented at the time of loading, the CGC's Chief of Weighing concluded that the original statement of quantity for four of the shipments was correct while one complaint was justified. Consequently, the CGC was not successful in meeting the target of zero justified cargo complaints due to a breakdown in CGC assessment of quantity. This compares to zero justifiable cargo complaints during 2008-09 and 2009-10.

The CGC continued efforts to provide ongoing technical support and advice to the Canadian grain industry. These activities contributed to the CGC's strategic outcome of ensuring that Canada's grain shipments are reliable and that Canadian grain producers are protected. For example:

- CGC Weighing Systems Inspectors conducted 506 weighing system device inspections to verify the accuracy and reliability of licensed terminal and transfer elevator weighing

equipment. In 176 instances (35 percent), the device under inspection required an adjustment or servicing. Of these 176 inspections, 67 (38 percent) were found to be operating with measurement errors of 0.10 percent or greater.

- CGC staff conducted ten official weigh-overs of all stocks in store at licensed terminal and transfer elevators to verify the overage or shortage of grain, grain products, or screenings in an elevator pursuant to the tolerances stipulated in the *Canada Grain Regulations*.

Although the CGC does not provide binding arbitration for weight shortages, the CGC's Dispute Resolution Settlement (DSR) neutral third-party railcar investigation process provides key information to support shippers' entitlement to adjustment for excessive grain shortages at unload. During 2010-11:

- the CGC conducted 434 weight-related investigations on railcars,
- 893 railcars required their weights officially apportioned due to the mixing of grain from two or more railcars in a common grain reception area as the cars were unloaded,
- 28 cars required their origin weight to be verified and assigned as the official unload weight due to incidents around un-recovered spills, and
- 4,388 exception reports were completed for railcars unloaded March 31, 2010 to March 31, 2011. 608 of those reports were cars that arrived at unloading facilities with low soundings and 103 reports were for cars arriving with empty compartments.

While client claim success rates are confidential, clients maintain that the information supplied by the CGC's DRS is a very significant part of their claim and is the most reliable information for processing a successful claim. During 2010-11, there were zero instances where disputes with respect to weight were not addressed and feedback not provided.
http://www.grainscanada.gc.ca/services-services/receival-reception/drs-rd-eng.htm

Lessons Learned/Going Forward

CGC weighing policies and procedures are monitored and evaluated on an ongoing basis through a series of reporting policies and national discussion and review forums. This allows the CGC to adjust service procedures as necessary and identify or adjust training requirements to maintain and/or enhance the effective and consistent delivery of weighing services and programs. During 2010-11, there were four weighing/registration related non-conformances identified through internal and external audits. Non-conformances occur when Quality Management System (QMS) procedures or work instructions are not followed. The CGC has reviewed the summary reports that were completed during the audits. In order to take appropriate actions, an Improvement Request (IR) form was submitted to the procedure owner, and an appropriate corrective action was identified. A timeframe was attached to ensure completion. IRs are also created when there are inconsistencies in documentation, if there are changes to CGC weighing programs, or changes required to work processes. This resulted in an additional ten IR forms being submitted during 2010-11.

Grain Quality Research Program

Program Activity Description

The *Canada Grain Act* requires the CGC to undertake, sponsor and promote research related to grains. The CGC conducts research in support of the GQAS to address emerging issues and permit the effective marketing of Canadian grain in the interests of producers and the Canadian grain industry. The CGC's Grain Research Laboratory (GRL) researches methods to measure grain quality, new quality factors, and new grain standards. Grain quality research supports the continual improvement of the GQAS.

Program Activity: Grain Quality Research Program					
2010-11 Financial Resources ($ thousands)			**2010-11 Human Resources (FTEs)**		
Planned Spending[1]	**Total Authorities[2]**	**Actual Spending[3]**	**Planned[4]**	**Actual**	**Difference[4]**
3,564	9,083	10,075	30	71	40

[1] Planned spending appears low because it does not include ad-hoc appropriation of $26.0 million as well as access to $11.4 million of operating surplus. These amounts were not approved at the time of the CGC's ARLU and RPP reports.

[1] Planned spending differs from Main Estimates 2010-11 with respect to non-appropriation funding because planned spending includes respendable revenue of $37.1 million based on projected grain volumes of 50.0 million tonnes while Main Estimates reflects the authority limit of respendable revenue for 2010-11 of $42.5 million.

[2] The difference between planned spending and total authorities is that planned spending reflects only the CGC's approved authorities while total authorities include additional funding approved subsequent to the publication of the RPP.

[3] The difference between total authorities and actual spending is because:

- The 2010-11 expenditure framework was based on the CGC planning to respend revenue of $37.1 million which is $5.4 million less than the authority limit of $42.5 million, and
- In keeping with the spirit of cost containment and the CGC's reliance on ad-hoc funding, the CGC manages and monitors operating expenditures conservatively and capital expenditures were limited to 'mission critical' acquisitions. There were no significant program changes during 2010-11.

[4] 2010-11 planned human resources (FTEs) as reported in the RPP were 30 based on approved authorities at that point in time. However, given all additional authorities secured by the CGC, the full planned FTE complement for this program is 79. This represents an actual variance of -8 (the difference between 79 and the 2010-11 actual FTEs of 71).

Expected Result	Performance Indicator	Target	Performance Status	Performance Summary
Research and development on grain quality and grain safety to support and improve Canada's GQAS	Assessment of grain quality and grain safety research undertaken, sponsored, and/or promoted by the CGC	"Excellent " on a scale of excellent, good, fair or poor	Met All	Grain quality and grain safety research undertaken, sponsored and/or promoted by the CGC was assessed as "excellent" during 2010-11 Several project milestones and outcomes were delivered on time and on budget (details are provided below).

Key Program Risk: Misalignment or inability to adapt
The CGC's science and technology capacity must keep pace with the needs of domestic and international markets in order to ensure Canada's grain is safe, reliable and marketable.
2010-11 Key Risk Mitigation Activities:

- Continued to identify research priorities to strengthen the existing GQAS based on feedback received by CGC personnel from overseas and/or domestic buyers, processors, producers, grain handlers, and the Western and Eastern Standards Committees.
- To remain abreast of new developments, GRL personnel continued liaison activities with Canadian and international scientific, academic, analytical, and grain industry organizations.
- Continued people planning initiatives to ensure that the CGC is able to attract, develop and retain sufficiently qualified human resources in the GRL and continued succession planning strategies.

Additional information on the Grain Quality Research Program is available at:
http://www.grainscanada.gc.ca/research-recherche/iarm-mrsr-eng.htm.

Performance Summary and Analysis

During 2010-11, the CGC's GRL successfully undertook, sponsored and promoted research related to grains as mandated by the *Canada Grain Act*. The GRL completed several research projects within cost and timelines and successfully met the milestones of numerous other ongoing research projects. While there were some project variances, these are considered normal within a research environment. Close cross-divisional collaboration between the GRL's Crops Section and the Technologies Section along with the CGC's Industry Services Division is critical to successfully achieve results associated with the grain quality research program and to successful delivery of the CGC's strategic outcome. Improved collaboration and coordination of research efforts both internally and with external research partners ensured that the GRL was able to adapt research priorities to emerging challenges and use resources effectively. This has been particularly important in the grain safety and plant biotechnology research areas. In addition, the GRL continued to successfully conduct research as recommended by the Western Standards Committee and the Eastern Standards Committee in support of grade specifications and the grading system and provided information to facilitate Committee recommendations. As such, the 2010-11 performance results for the grain quality research program activity were assessed as "excellent".

The GRL's Crops Section scientifically assessed the quality of the 2010 Canadian grain harvest, assessed how grading factors affect end-use qualities, researched new uses for Canadian grains, and assessed new and improved methods for evaluating and measuring end-use quality factors

for all grains. In addition, new varieties were assessed for quality as part of the variety registration process. This research continues to be a significant factor in permitting effective marketing of Canadian grain in the interests of producers and the Canadian grain industry and continues to facilitate end-use diversification of Canadian grains. Research areas include analytical services, applied barley research, Asian end products and wheat enzymes, basic barley research, bread wheat research, durum wheat research, milling research, oilseeds monitoring, oilseeds research, and pulse research. The following are some of the Crops Section research highlights during 2010-11:

- The GRL received and analyzed 9,393 producer samples to determine the year's crop quality as part of the Harvest Sample Program. The Harvest Sample Program is voluntary and provides Canadian grain producers with an opportunity to receive a free, unofficial CGC grade and quality results. The samples submitted during the Harvest Sample Program are used to determine the quality of harvest and provide buyers from all over the world with information on the quality of Canadian grain. Quality reports were published on Eastern and Western Canadian wheat, Western Canadian malting barley, Western Canadian canola, Western Canadian flaxseed, Western Canadian pea beans, Western Canadian chick peas, Western Canadian lentils, Western Canadian mustard, Western Canadian peas, and Canadian soybeans. http://www.grainscanada.gc.ca/quality-qualite/geuq-quf-eng.htm
- Efforts are ongoing to evaluate how grain grading factors affect end-use qualities and provide a source of information to assist in determining if changes are needed to grading factors to reflect processing needs or to protect the quality reputation of Canadian grain. For example, the durum wheat research community found the traditional method for predicting the yellowness of final pasta products, a total semolina yellow pigment measurement, was not predicting pasta colour effectively. A protocol was developed based on the colour of a dough sheet of semolina and this was found to be much better at predicting pasta yellowness. The dough sheet method is now a routine test in the CGC's durum wheat quality assurance programs (harvest survey, cargo monitoring, and plant breeder line evaluation) and other research projects.
- Research continued on emerging quality issues and new end-use quality traits to meet changing producer, industry, and customer demands and to facilitate the end-use diversification of Canadian grains. For example, higher seeding rates for malting barley have been found to reduce maturity times, lower grain protein, often improve yields, but reduce grain size. The malting industry demands plump barley because of increased beer potential therefore higher seeding rates have not been advised for malting barley. However, a collaborative project with AAFC found barley from higher seeding rates actually processed better resulting in higher quality malt. The results were transferred to producers at numerous winter meetings and higher seeding rates for malting barley are now becoming common across the prairies.
- Efforts are ongoing to develop and refine measurement protocols to support and enhance standards associated with the Canadian grain grading system and determination of end use quality. For example, near-infrared reflectance spectroscopy (NIR) instruments were evaluated to measure chlorophyll content in samples of canola seed. Preliminary test results are positive and evaluation will continue with another year of testing. In addition, in close collaboration with the GRL's Technology Section, methods for rapidly measuring falling number in samples of wheat were further assessed. Researchers are studying two technologies. The ELISA-based system is a diagnostic tool used in other industries. It can

detect and quantify the key enzyme which impacts wheat quality when a kernel begins to sprout. A hyperspectral imaging system is also being assessed. This is an imaging tool that can see different materials that make up an object that are not visible to the human eye.

- Quality evaluation of new breeders' lines was carried out to determine the lines that meet the quality guidelines and needs of the class for wheat, barley, and canola. GRL personnel interpret quality data based on their intimate knowledge of changes in world processing technology and market needs to ensure that new varieties do not present a threat to Canada's GQAS. This third party unbiased information is a key component of the CFIA registration process for new varieties. Approximately 180 wheat and 95 malt barley breeders' lines were assessed and reported on a timely basis. In addition, the CGC assessed approximately 2,500 canola breeders' samples by NIR for oil, protein and glucosinolate content, and complete fatty acid composition by gas chromatography. GRL staff also recommended changes in quality targets to breeders, as appropriate, on the basis of discussions with grain processors and buyers in North America and overseas.

The GRL's Technologies Section continued efforts to study and develop technologies and methods to assess the quality and safety of Canadian grains. Research efforts are aimed at developing new and improved methods for evaluating and measuring grain quality and grain safety to increase efficiency, reduce costs and enhance the testing capabilities of the CGC and the Canadian grain industry. Research areas include grain biotechnology research, image analysis, microbiology, spectroscopy, trace elements, trace organic analysis, variety identification monitoring, and variety identification research. The following are some of the Technologies Section research highlights during 2010-11:

- Continued efforts to develop a hyperspectral imaging method for detecting Fusarium damaged kernels in wheat and to evaluate instruments that can rapidly determine the levels of deoxynivalenol present in fusarium damaged kernels for potential use at grain elevators.
- The CGC's image analysis researchers and inspection experts worked collaboratively to develop a canola/rapeseed colour guide that shows the shades of green that, if found in crushed canola or rapeseed, could be determined as distinctly green. This is a new grading tool for grain inspectors and is intended to increase consistency in the evaluation of distinctly green seeds.
- The CGC continued to evaluate hyperspectral imaging technology to assess mildew levels in wheat. Preliminary results have been encouraging.
- Research efforts continued on wheat and barley DNA and protein fingerprinting. The aim is to develop tests for identifying and quantifying varieties of grains in shipments in order to develop the capacity for identifying multiple variety composition and enable segregation of variety specific shipments.
- Conducted collaborative research with AAFC and the grain industry in mycotoxins (ochratoxin A) focusing on mycology studies and storage/sampling research to support CGC grain safety assurance. In addition, collaborative research with the grain industry in rapid test technology for mycotoxin analyses was undertaken. The focus was on multi-toxin/simultaneous analytical technology.
- Collaborative research with AAFC and Pulse Canada was initiated in spatial and temporal studies for heavy metals in soybeans. The project is aimed at identifying crop districts producing elevated levels of heavy metals (e.g. cadmium), provide background levels of

other trace elements of issue in grain safety (e.g. boron), and identify/develop non-accumulating heavy metal varieties.

- Research continued in pesticide residue analyses. This research focused on improving analytical throughput and improving method limits of detection. Research is required to meet the challenges of changing grain safety maximum limits in grain and the development of new sophisticated instrumental technology.

Lessons Learned/Going Forward

During 2010-11, significant progress was made towards readiness for an ISO/IEC 17025 accreditation pre-audit for certain methods in the GLR's laboratory testing environment. Focus is on four key grain safety analytical methods which include determination of Ochratoxin, Trichothecenes, Cadmium, and GMO content in Canadian grain. ISO/IEC 17025 accreditation will give customers increased confidence in the GRL grain safety processes and testing methods that support Canada's GQAS.

The GRL uses a range of tools to insure the consistency and reliability of results from its testing. Tools include proficiency programs, professional calibrations of equipment and daily running of check samples. During 2010-11, the GRL participated in 15 proficiency programs involving numerous tests. Test scores were consistently on a satisfactory basis but whenever a score tended towards non-compliance, corrective actions were taken immediately.

GRL staff will continue to attend scientific conferences and technical missions to facilitate assessment of current grain quality methods and technologies and the adequacy of Canada's GQAS. Information gathering activities as well as client feedback will continue to be used to identify research priorities to build upon and strengthen the existing GQAS to ensure continued relevance. An ongoing challenge in the GRL is the resources required to respond to increased testing and monitoring requirements under the Quality Assurance Program. The increased demand has potential to limit resources available for fundamental and/or long term research. In addition to numerous knowledge transfer activities throughout the year (e.g. presentations at conferences, journal publications, authoring book chapters), the GRL continues to investigate the production of a report to highlight GRL research activities on an annual basis. This report would significantly augment the performance information provided in the DPR.

Program Activity: Producer Protection Program

Program Activity Description

The CGC is mandated to serve producer interests by upholding the *Canada Grain Act* and as such has implemented a number of programs and safeguards to ensure the fair treatment of Canadian grain producers. These include the licensing and security program, allocation of producer cars for producers and producer groups that wish to ship their own grain, and producer liaison measures including a grain grade appeal system. In addition, the CGC collects and updates grain quality data and grain handling information to facilitate producer sales and marketing decisions.

Program Activity: Producer Protection Program					
2010-11 Financial Resources ($ thousands)			**2010-11 Human Resources (FTEs)**		
Planned Spending[1]	**Total Authorities[2]**	**Actual Spending[3]**	**Planned[4]**	**Actual**	**Difference[4]**
903	3,163	3,688	8	31	23

[1] Planned spending appears low because it does not include ad-hoc appropriation of $26.0 million as well as access to $11.4 million of operating surplus. These amounts were not approved at the time of the CGC's ARLU and RPP reports.

[1] Planned spending differs from Main Estimates 2010-11 with respect to non-appropriation funding because planned spending includes respendable revenue of $37.1 million based on projected grain volumes of 50.0 million tonnes while Main Estimates reflects the authority limit of respendable revenue for 2010-11 of $42.5 million.

[2] The difference between planned spending and total authorities is that planned spending reflects only the CGC's approved authorities while total authorities include additional funding approved subsequent to the publication of the RPP.

[3] The difference between total authorities and actual spending is because:

- The 2010-11 expenditure framework was based on the CGC planning to respend revenue of $37.1 million which is $5.4 million less than the authority limit of $42.5 million, and
- In keeping with the spirit of cost containment and the CGC's reliance on ad-hoc funding, the CGC manages and monitors operating expenditures conservatively and capital expenditures were limited to 'mission critical' acquisitions. There were no significant program changes during 2010-11.

[4] 2010-11 planned human resources (FTEs) as reported in the RPP were 8 based on approved authorities at that point in time. However, given all additional authorities secured by the CGC, the full planned FTE complement for this program is 36. This represents an actual variance of -5 (the difference between 36 and the 2010-11 actual FTEs of 31).

Expected Result	Performance Indicator	Target	Performance Status	Performance Summary
Producer satisfaction with the grain handling system	CGC response to producer complaints	Zero unresolved or unaddressed complaints	Met All	There were zero unaddressed complaints with respect to the producer protection programs administered by the CGC.

Key Program Risk: Misalignment or inability to adapt

The producer protection framework must align with and be able to adapt to the evolving needs of producers and the grain industry to ensure that producers are compensated fairly for the quality and quantity of grain delivered and shipped.

2010-11 Key Risk Mitigation Activities:

- Continued to investigate all producer concerns/complaints and consulted with and evaluated feedback from producers on the programs and services offered under this program activity.
- Continued to monitor licensees using the licensing risk assessment framework to determine audit priorities. Developed a risk-based audit plan that is reviewed and updated quarterly and enhanced protocols to better manage 'at risk' licensees, enforce compliance, and protect producers.
- Continued communication efforts to ensure producers are aware of their rights under the *Canada Grain Act* and to increase awareness of CGC producer protection activities and services.

Additional information on the producer protection program is available at:
http://www.grainscanada.gc.ca/protection-protection/iappm-mrspp-eng.htm.

Performance Summary and Analysis

Producer support programs include mediating and/or arbitrating producer complaints concerning transactions with licensed grain companies, re-inspection of samples on producer request, and investigation of quality and dockage complaints. In addition, licensed elevators and grain dealers are required to post security with the CGC to cover their liabilities to producers in the event of a company default. During 2010-11, the CGC responded to numerous inquiries and complaints from producers, which focused primarily on contract disputes between producers and licensees, grading disputes, non-payment/slow payment to producers, inquiries related to shrinkage and tariff deductions, and complaints regarding proper issuance of documents. Grain producers submitted 100 samples to the CGC for quality determination under "subject to inspector's grade and dockage". This service allows producers to ask the CGC to determine grade and dockage and make a binding decision in the event there is a disagreement upon delivery at a primary elevator.

The CGC responded to all producer complaints related to compensation received for the quality and/or quantity of grain delivered within the licensed grain handling system and all producer concerns regarding fair payment. The CGC was successful in meeting the program activity target of zero unaddressed complaints with respect to the producer protection programs administered by the CGC. During 2010-11, the CGC formalized a complaints protocol that outlines the process to be followed when responding to producer complaints and investigating violations of the *Canada Grain Act*. The protocol will be implemented in early 2011-12 and will act as a guide to ensure the CGC responds appropriately and consistently to all producer concerns. In addition,

the CGC clarified the enforcement protocol with respect to statistical reporting requirements and primary elevator weigh-over reporting obligations. This has resulted in significant improvement in the timeliness of licensee reporting and has reduced the number of outstanding primary elevator weigh-over reports.

Communication activities continued to play a key role in promoting the activities and services provided under the Producer Protection Program. As part of its communications activities, the CGC designed new information products for grain producers including an Eastern Canadian producers' brochure, a Western Canadian producers' booklet, three information cards, tough and damp tables and posters, and a variety of promotional items and apparel for its trade exhibition program. Also, the CGC trade exhibition program was expanded to include participation for the first time at Canada's Outdoor Farm Show in Woodstock, Ontario and the Smoky River Agricultural Show in Falher, Alberta where issues such as the CGC Licensing Program, variety declarations for wheat, services available to resolve grading disputes, the Harvest Sample program, CGC user fee consultations, and many others were discussed with grain producers.

The CGC remains committed to ensuring that adequate notice is given to producers when grain varieties are deregistered. Growing registered grain varieties helps maintain Canada's reputation for marketing high quality grain and helps preserve access to key international markets for Canadian grain. http://www.grainscanada.gc.ca/media-medias/press-presse/2010/2010-07-19-2-eng.htm. In addition, the CGC continued to collect and update grain quality data and grain handling information and make it available to producers and other interested parties to facilitate producer sales and marketing decisions. http://www.grainscanada.gc.ca/statistics-statistiques/sim-rsm-eng.htm

Prior to fiscal year 2010-11, the CGC consulted extensively with licensees, the grain handling industry, producer organizations, and producers on changes related to the calculation of moisture shrinkage, as prescribed by CGC Order, and comprehensive shrinkage, as prescribed in the *Canada Grain Regulations*. Responses during the consultation process from producers and producer organizations were generally supportive of the proposals and responses from industry organizations were mixed. After consideration of all comments received, a decision was made to proceed with both proposed changes. Effective August 1, 2010 the CGC adjusted the formula for calculating moisture shrinkage by eliminating the 1.1 percent moisture rebound factor for grain artificially dried at licensed primary elevators. Effective March 19, 2011, the *Canada Grain Regulations* were amended to fix the maximum shrinkage allowance at zero for all CGC licensed elevators. This amendment ensures that the maximum shrinkage allowance is the same regardless of the type of elevator to which the grain is delivered. This improves transparency to producers and improves the consistency of the *Canada Grain Regulations*.

As of March 31, 2011 the CGC had issued licences for 340 primary elevators, 47 process elevators, 15 terminal elevators, 13 transfer elevators, and 85 grain dealers. The CGC continues to investigate known unlicensed companies to determine if they require licensing under the *Canada Grain Act*. In cases where the CGC has determined a licence is required, the licensing process has been initiated. During the previous fiscal year (2009-10), the CGC initiated the process of reviewing the classification of each licensee, to ensure consistent application of the *Canada Grain Act* and the *Canada Grain Regulations* so that producers understand their rights

and protections, licensees understand their responsibilities, and similar companies experience similar regulatory requirements. A Notice of Intent was sent to all licensees and the CGC has since reviewed all licensees to determine proper licence classification. Licence reclassification, where required, began on August 1, 2010 and is being handled on a case-by-case basis through regular program administration and the licence renewals process. As a result of this initiative, all licensees, with the exception of eight, are classified correctly. It is anticipated that the remaining eight will be properly classified by August 1, 2011.

During 2010-11, 59 licensees were audited by the CGC to ensure appropriate security coverage. Financial statements from all licensees were reviewed. The CGC continued to use and refine the risk assessment process to regularly review and assign a financial risk rating and an overall risk rating (high, medium, low) for all licensees in order to determine audit priorities and other courses of action. The risk-based Audit Plan continued to be updated quarterly to ensure that high risk audits are focused on and to facilitate planning. During 2010-11, CGC staff responded to all known instances of licensing non-compliance and there were zero licensees that failed to meet producer payment obligations.

The CGC has sole responsibility for the allocation of producer cars for both Canadian Wheat Board (CWB) and non-CWB grains. During 2010-11, the CGC continued to work closely and cooperatively with the CWB, grain companies, and the railways in an effort to ensure that producer car orders are filled in a timely manner. The CGC received and processed 13,165 applications from producers for producer cars and responded to all complaints with respect to administration of the allocation of producer cars. Efforts continued to re-engineer the producer car software application and producer car database to assist with data management and reduce the reliance on printed reports. It is anticipated this will be implemented effective August 1, 2011.

Lessons Learned/Going Forward

The CGC continually strives to improve its programs and activities aimed at facilitating fair treatment of producers within the licensed grain handling system. During the fall of 2010, the CGC contracted with Ipsos Reid to conduct a survey of Canadian grain producers to gain a better understanding of producer perceptions and impressions of the CGC, satisfaction levels with the CGC and its activities and services, and perceptions and impressions of cost-recovery for CGC services and user fee adjustments. Preliminary analyses of survey results suggest that Canadian grain producers are aware of the CGC, have a positive overall impression of the organization, and consider it to be useful to producers. Going forward, the CGC plans to further evaluate survey results to determine ways to better support producers. The CGC will continue to work closely with officials from Agriculture and Agri-Food and other departments and agencies, to advise the Minister with respect to amendments to the *Canada Grain Act* and *Canada Grain Regulations* to ensure the CGC's legislation, programs, and services continue to meet the evolving needs of producers and the grain industry.

Program Activity: Internal Services

Program Activity Description

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; Acquisition Services; and Travel and Other Administrative Services.

Program Activity: Internal Services					
2010-11 Financial Resources ($ thousands)			**2010-11 Human Resources (FTEs)**		
Planned Spending[1]	**Total Authorities[2]**	**Actual Spending[3]**	**Planned[4]**	**Actual**	**Difference[4]**
8,455	13,486	13,156	71	91	20

[1] Planned spending appears low because it does not include ad-hoc appropriation of $26.0 million as well as access to $11.4 million of operating surplus. These amounts were not approved at the time of the CGC's ARLU and RPP reports.

[1] Planned spending differs from Main Estimates 2010-11 with respect to non-appropriation funding because planned spending includes respendable revenue of $37.1 million based on projected grain volumes of 50.0 million tonnes while Main Estimates reflects the authority limit of respendable revenue for 2010-11 of $42.5 million.

[2] The difference between planned spending and total authorities is that planned spending reflects only the CGC's approved authorities while total authorities include additional funding approved subsequent to the publication of the RPP.

[3] The difference between total authorities and actual spending includes:

- The 2010-11 expenditure framework was based on the CGC planning to respend revenue of $37.1 million which is $5.4 million less than the authority limit of $42.5 million, and
- In keeping with the spirit of cost containment and the CGC's reliance on ad-hoc funding, the CGC manages and monitors operating expenditures conservatively and capital expenditures were limited to 'mission critical' acquisitions. There were no significant program changes during 2010-11.

[4] 2010-11 planned human resources (FTEs) as reported in the RPP were 71 based on approved authorities at that point in time. However, given all additional authorities secured by the CGC, the full planned FTE complement for this program is 93. This represents an actual variance of -2 (the difference between 93 and the 2010-11 actual FTEs of 91).

Performance Summary and Analysis

Internal Services include only those activities and resources that apply across an organization and not those provided specifically to a program. The CGC does not have formal expected results, performance indicators and targets for this program activity. However, because internal services are enabling activities, success can be measured by the CGC's ability to meet the expected results of its strategic outcome and other program activities. Performance can also be

measured by tracking activities and results against the goals of various government-wide initiatives.

During 2010-11, the CGC focused attention and resources on: effective people management, developing a stable and sustainable funding mechanism, participating in the Management Accountability Framework Round VIII Assessment, further implementing the Internal Audit and Evaluation functions, security planning, and developing and implementing effective communication tools. Results for these initiatives are provided in Section I under Management Priorities 1 and 2.

The CGC's Finance Division supports Canadians through the provision of Financial Management Services to facilitate the delivery of the CGC's strategic outcome and to support Government of Canada initiatives to strengthen accountability and transparency. During 2010-11, the CGC prepared departmental future oriented financial statements in support of the RPP to assist Parliamentarians in their understanding and consideration of CGC authorities. Significant progress was made towards implementation of Treasury Board's *Policy on Internal Control*. The objective of the policy is to adequately manage risks relating to the stewardship of public resources through effective internal controls, including internal controls over financial reporting. The CGC established a steering committee with representation from Finance, Information Technology and Internal Audit and an action plan was developed that covers the next three years. In addition, entity level controls were documented and assessed for their design effectiveness. Efforts towards full compliance with the Policy will continue in 2011-12.

A skilled and motivated workforce is critical to the CGC in delivering its services to Canadians. During 2010, the Canadian Human Rights Commission (CHRC) completed an audit of the CGC. This was followed by an Employment Systems Review, an internal Employment Equity and Diversity survey, and a national Self-Identification campaign. The CHRC audit report indicates the CGC has made improvements and achieved a level of compliance in many of the requirements of the *Employment Equity Act*. Areas where improvement can still be made are detailed in the CHRC report. An analysis has identified three key areas requiring attention. As a result, the CGC will:

- continue to work towards increasing its representation of women and visible minorities, as well as maintaining the level of representation of Aboriginal persons and persons with disabilities, in order to have a workforce representative of the Canadian population,
- continue to promote understanding and practices that support Employment Equity and Diversity and a Respectful Workplace with all managers, supervisors and employees, and
- strengthen and support our national and regional Employment Equity and Diversity Committees.

A focus on these areas will help ensure that all current and prospective employees have equitable opportunities and can enjoy a fair, positive and respectful workplace free of discrimination and harassment.

SECTION III: SUPPLEMENTARY INFORMATION

Financial Highlights

Condensed Statement of Financial Position For the Period ending March 31, 2011 ($ thousands)			
	Percent Change from 2010	**2011**	**2010 (restated)**
ASSETS			
Total Assets	-3.1%	12,603	13,011
TOTAL	**-3.1%**	**12,603**	**13,011**
LIABILITIES			
Total Liabilities	6.6%	19,084	18,576
EQUITY			
Total Equity	16.5%	(6,481)	(5,565)
TOTAL	**-3.1%**	**12,603**	**13,011**

Condensed Statement of Operations For the Period ending March 31, 2011 ($ thousands)			
	Percent Change from 2010	2011	2010
EXPENSES			
Quality Assurance	-3.8%	39,640	41,227
Quantity Assurance	-0.1%	12,562	12,580
Grain Quality Research	3.6%	10,242	9,886
Producer Protection	-3.5%	3,675	3,807
Internal Services	2.7%	12,910	12,567
Total Expenses	**-1.3%**	**79,029**	**80,067**
REVENUES			
Quality Assurance	-15.9%	37,362	44,430
Quantity Assurance	-0.6%	13,109	13,182
Grain Quality Research	3.6%	10,242	9,886
Producer Protection	38.7%	2,904	4,738
Internal Services	2.7%	12,910	12,567
Total Revenues	**-9.7%**	**76,527**	**84,803**
NET COST OF OPERATIONS		**2,502**	**(4,736)**

Assets
Total assets were $12.6 million at the end of 2010-11, a decrease of $0.4 million (-3.1%) over the previous year's total assets of $13.0 million. Tangible capital assets represented $6.8 million (53.7%), accounts receivable represented $5.6 million (44.1%) and other assets represented $0.3 million (2.2%).

Liabilities
Total liabilities were $19.8 million at the end of 2010-11, an increase of $1.2 million (6.6%) over the previous year's total liabilities of $18.6 million. Employee severance benefits represented the largest portion of liabilities at $12.7 million or 66.3% of total liabilities. Accounts payable (including salaries, vacation and overtime) represented $6.3 million (33.0%) while Deferred Revenues made up 0.7% of total liabilities.

In 2010-11, the CGC was required to change its accounting policy for employee severance benefits. Entitlements for the period prior to April 1, 1995, the Fund inception date, were funded by Treasury Board, and continued to be for a period of 15 years. Effective April 1, 2010, employee severance benefits related to the pre April 1, 1995 period are now recorded as a liability of the Fund. In accordance with Treasury Board Guidelines for Revolving Funds section 6140, *Termination Benefits*, all changes are applied retrospectively as a change in accounting policy. Accordingly, the Fund has retrospectively restated its financial position as at March 31, 2010 and accumulated surplus for the year then ended. As a result of this change, the 2009-2010 opening accumulated surplus balance decreased by $1.3 million and the employee severance benefits increased by $1.3 million as of March 31, 2010.

Expenses
Overall, total expenses for the CGC were $79.0 million in 2010-11. The majority of funds, $62.7 million or 79.3%, were spent on salaries and benefits; while the remaining $16.3 million or 20.7% were operating expenses (e.g. rent, professional services, travel, amortization and repairs). Expenses decreased in comparison to 2009-10 by only -1.3% and remain consistent with the prior year. The CGC initiated no significant program changes during 2010-11.

Revenues
The CGC's total revenues amounted to $76.5 million for 2010-11, a decrease of 8.3 million over previous year's total revenues of $84.8 million. Revenues are split between appropriation dollars received and service fees generated. Service fees revenue including contract revenue and licence fees remained consistent with the prior year. In fiscal 2010-11 appropriation dollars decreased by $8.4 million due to a change in the CGC's source of funds. This expenditure framework was frozen at current planned expenditures as per Budget 2010 Cost Containment measures. The CGC identified it had a surplus of $11.4 million available as a source for funds for 2010-11. Access to accumulated surplus for 2009-10 was $8.0 M. With reduced planned expenditures and a larger accumulated surplus available, the CGC required less ad-hoc appropriation, $26.0 million in 2010-11 versus $34.4 million in 2009-10.

Financial Statements

Fiscal year 2010-11 CGC audited financial statements can be accessed using the following link: http://www.grainscanada.gc.ca/cgc-ccg/cr-rm/crm-mrm-eng.htm. Once again, the CGC received a positive external audit of its annual financial position.

Audited Financial Statements are prepared in accordance with Section 6.4 of the Treasury Board of Canada's policy on special revenue spending authorities.

List of Supplementary Information Tables

All electronic supplementary information tables found in the 2010-11 Departmental Performance Report can be found on the Treasury Board of Canada Secretariat's website at: http://www.tbs-sct.gc.ca/dpr-rmr/2010-2011/index-eng.asp.

Sources of Respendable Revenue
User Fee Reporting
Green Procurement
Response to Parliamentary Committees and External Audit
Internal Audits and Evaluations

SECTION IV: OTHER ITEMS OF INTEREST

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